

## ***APPENDIX B***

### ***WRITING A HOUSING PLAN***

# HOUSING PLANS

---

As a prerequisite to receiving funds from the U.S. Department of Housing and Urban Development (HUD), the 1990 National Affordable Housing Act requires communities and/or states to prepare a Comprehensive Housing Affordability Strategy (CHAS). The State of Montana prepares and submits a statewide CHAS for its jurisdiction.

Local governments are not required to prepare a CHAS. However, local governments requesting grant funds for housing projects from the Montana Department of Commerce Community Development Block Grant program (CDBG), the HOME Investment Partnership Act program and the Department of Housing and Urban Development must document that proposed project activities are consistent with the Montana CHAS.

A local government requesting grant funds from the above agencies must write to the State CHAS Coordinator, MT Department of Commerce, P.O. Box 200545, Helena, MT 59620-0545, providing a summary description of the proposed project and intended beneficiaries and request a Certificate of Consistency with the MT CHAS. For further information call 444-0092.

It is recommended that a local housing plan be prepared that will supply the same types of information as presented in the state CHAS to provide a basis of comparison to statewide statistics.

Developing a Housing Plan for a city, town or county serves a number of important purposes. First and foremost; the process of developing a housing plan will educate the community, the local government, and the public about existing housing, housing needs, and options for addressing housing needs. Equally important, a well researched Housing Plan will provide the documentation necessary for the structuring, financing and implementation of housing projects.

## Why have a Housing Plan?

- a Housing Plan will let a community know exactly what its housing needs are;
- a Housing Plan will aid local officials and leaders in assigning priority to the housing needs identified;
- a Housing Plan will provide a necessary guide in developing appropriate housing policies, programs, and strategies.

## STEP ONE: Getting Started

### Housing Task Force

As with the Community Needs Assessment Survey process it is recommended that a local committee be formed to serve as a Housing Task Force. The committee should have broad based representation.

*Consider all the "players" in your community.*

Make a list of all the service, church, and civic organizations within the community and extend a written invitation for one of their members to serve on the Task Force.

Also extend invitations for representation from the local school district, the Chamber of Commerce or business group, and the senior citizen organization. Local real estate agents, developers, builders, and landlords can provide valuable input and should be included in the process. A sample letter of invitation is shown below:

---

*Sample letter:*

Dear            (local citizen),

Our community is facing changing times. The City of Anywhere is beginning a planning process that will assess the housing problems in our community and identify solutions to those problems. The final result will be the preparation of a Housing Plan for the city.

Housing issues are important to all of us and have a tremendous impact on the future of our community. It is important that we assess the housing situation in and around our city and develop appropriate, achievable housing strategies.

The City Council is inviting you to be a member of a Housing Task Force which will spearhead the effort.

The Housing Task Force will meet twice monthly for approximately 6 months. You will not be asked to do more than attend the meetings and share your observations and ideas. Please help your community with this project. The first meeting will be held on date, time at place.

Sincerely,

Mayor

---



Your initial "invitation list" should not exclude any factions or special interest groups if possible. A housing plan that does not have widespread public input and "ownership" could create dissention in the community. *Failure to include all the players could result in an inoperable plan.*

Therefore, your "invitation list" may include upwards to 30 names. The first meeting may attract 12 to 15 persons interested in the process. Be satisfied if you end up with five or six committed members. If you have made every attempt to include anyone that is interested, and they choose not to participate, do not lose your enthusiasm, be positive and keep going.

At the first meeting of the Task Force provide an overview of the process and discuss convenient meeting times and places. Generally, one hour noon meetings (no host) at local cafes tend to keep attendance steady. Try and rotate the meeting places between appropriate cafes and restaurants.

After the first meeting, which is essentially an organizational meeting, take the list of members to the City Council and have them officially appointed to the Housing Task Force. This will lend the effort credibility and provide the first text for a news article introducing the process to the public.

### **Informing the Public**

**Public hearings** are a standard method for informing the public about the process of preparing a Housing Plan. Early in the process a public hearing can be scheduled with an agenda that provides for an overview of the process and encourages input from the audience. An additional public hearing should be held after the first draft is complete and before the final Housing Plan is presented to the City Council for approval.

Unfortunately, attendance at public hearings can be low. Try and schedule your hearings at the local senior citizen center or ask to make a presentation at the Chamber of Commerce. Informing the public is not an easy job; be creative, be positive and get the word out!

**News Articles** can provide the process with an avenue to inform the public. Regularly prepare news articles for the local newspaper and invite a member of the press to attend a meeting or two. Preparing a Housing Plan is an interesting process and certainly news worthy.

## **KEEP THE PUBLIC INFORMED**

## **STEP TWO: Gathering Information**

### **Population and Demographic Profile**

Before housing strategies can be formulated and a Housing Plan can be written, general population and demographic data must be gathered and analyzed. The results of a Community Needs Assessment Survey can provide a substantial amount of the needed information. That information may include:

- \* population distribution by age;
- \* household composition (number of persons per household and age of head of household);
- \* income levels;
- \* special needs households.

Other sources of information include:

Census and Economic Information Center, MT DOC  
Bureau of Business and Economic Research, the University of Montana;  
U.S. Department of Commerce, Bureau of the Census;  
U.S. Department of Commerce, Bureau of Economic Analysis;  
MT Department of Labor and Industry, Research & Analysis Bureau;  
State of Montana Comprehensive Affordability Strategy (CNAS).

## **Housing Inventory and Condition**

This stage in the process involves quantifying the number of housing units and determining their structural condition.

The most accurate approach to determining both the count and condition of the existing housing stock is with a structural condition survey. The occupancy of the housing unit should also be determined i.e. owner-occupied, rental or vacant.

Utilizing the MT Department of Commerce Point Detraction Method for determining structural condition of a housing stock will provide your organization with statistics that will be compatible for preparation of grant applications to the CDBG and HOME programs.

The Point Detraction Method allows for a windshield evaluation of a housing unit by assigning points for the condition of various components of a housing unit. Housing units are categorized as follows:

Standard Condition

Moderately Substandard

Substantially Substandard

Severely Substandard

The individuals conducting the survey should equip themselves with the following items:

- \* plat maps of the city
- \* water meter listings (if available)

Each housing unit surveyed should be identified on the plat map and numbered. The number assigned that housing unit is then entered onto the Point Detraction Form and given corresponding points relative to its condition.

Identifying a housing unit as a rental or an owner-occupied unit can be difficult. In smaller communities the City Clerk may be helpful; real estate firms that manage rental properties should also be canvassed. Houses with more than one electrical meter are most likely rental units and may have more than one housing unit in one structure. The water meter list may also be helpful in determining if a housing unit is a rental. Your Needs Assessment Survey results will be very helpful if they were coded to housing units.

While completing the windshield survey make note of vacant lots that may be appropriate building sites as well as structures suitable for demolition.

## Market Trends

Information about past and current market conditions can be gathered from local real estate agents and mortgage lenders (bankers).

Prepare a simple questionnaire and contact all or a representative sampling of real estate firms. Questions should include:

- \* number of listings in the previous year(s)?
- \* number of sales in the previous year(s)?
- \* range of sales prices in the previous year(s)?
- \* average length on the market in the previous year(s)?
- \* general age of units that sold and condition?
- \* number of inquiries from interested buyers that could not find a suitable and/or affordable home?
- \* primary reasons for denials of mortgages?
- \* any significant changes in the current real estate market compared to last year or the year before?

Bankers or other mortgage lenders may provide information regarding difficulties some buyers have obtaining mortgages. Query lending officers about the most frequent reasons for mortgage denials.

Attempt to quantify a percentage of loan applicants that are rejected on the basis of:

- 1) substandard housing condition;
- 2) lack of or insufficient funds for down payment;
- 3) payments too high for income level.

Gathering information for rental units may also be completed by a series of mini-surveys. Question local realtors and landlords about availability (occupancy rates and demand) and affordability of rental units in the community.

A Fair Market Rental (FMR) survey can be completed at the same time by compiling a list of rental units, categorizing them by size (number of bedrooms), and amount of rent (with or without utilities).

## **STEP THREE: Developing a Housing Profile**

An overall housing profile can be developed by analyzing the "hard" data obtained through the Information Gathering process and coupling it with more intangible factors. To develop a true housing profile the following should be considered:

### **1) Market Area.**

The housing market area for small towns or cities may be the jurisdictional boundary. Employment sites and commuting distances may also need to be considered.

### **2) Demographic Characteristics.**

Consider the age distribution and household compositions. Is the largest percentage of housing stock occupied by one or two persons? Is the largest percentage of the population elderly? Is the community gaining population? losing population?

Compare the 1970, 1980 and 1990 Census data on population, age distribution and number of households.

### **3) Economic Factors.**

The demand for housing is most often rooted in the local economy. Is the job base in your community growing? declining? Is the existing housing stock (lack of or condition of) hurting local development efforts to create jobs?

### **4) Environmental and Lifestyle Factors.**

Many Montana communities are experiencing housing and development pressures from out of state investors and/or seasonal home buyers attracted by the natural environment. The result may be elevated real estate and rental prices beyond the affordability limits of year around residents.

### **5) Financial Resources.**

Availability of affordable financing for home mortgages, land acquisition and construction loans impact the overall housing profile.

### **6) Legal Factors.**

Local building and zoning ordinances in addition to state and county subdivision regulations may influence the local housing profile.



## **STEP FOUR: Defining Housing Problems and Needs**

Housing needs generally fall into three categories, **Suitability, Availability and Affordability**. A fourth category that needs to be considered is **Accessibility**.

### **SUITABILITY**

Housing suitability relates to the condition of housing (standard or substandard) and/or the size of a housing unit in relationship to the size of the occupant household.

### **AVAILABILITY**

Housing availability relates to the amount of housing (lack or excess) and/or proximity of housing stock to services and employment.

### **AFFORDABILITY**

Housing affordability relates to the cost of housing i.e the cost of acquisition, the cost of renting, the cost of occupancy.

### **HANDICAPPED ACCESSIBILITY**

Housing accessibility relates specifically to issues for households with a handicapped member.

By listing your community's housing problems you can simply state the housing needs. For example, if your city does not have enough rental houses, that's a problem, and your city needs more Available rental units.

The following areas of housing problems and corresponding needs should be delineated in your housing plan.

- \* Problems with the condition of the existing housing stock and the need for rehabilitation activities (**Suitability and Affordability**);
- \* Problems due to lack of housing stock and the need for new construction of single-family units or rental units (**Availability and Affordability**);
- \* Problems for first-time home buyers and the need for financial assistance (**Affordability or Suitability**);
- \* Problems due to lack of **Suitable or Affordable** rental units and the need for tenant based assistance.
- \* Housing problems for handicapped individuals and the need for **Accessibility** modifications through rehabilitation or new construction of handicapped or handicapped accessible housing.

## **STEP FIVE: Defining Goals and Objectives**

Each community must define its own housing goals and objectives.

It is preferable to keep the number of goals small and the scope of the objectives broad.

Objectives can broadly outline where a community "wants to go" or what is viewed as the "optimum balance" for housing in the community.

**EX.**

**Objective:** Expand housing opportunities in the community.

Specific goals should be based on the data accumulated for your Housing Plan. If too many goals are cited, the Housing Task Force may need to establish priorities and concentrate on a few important goals.

**EX.**

**Goals:** Construct 10 single family housing units and 10 elderly apartments.

## **STEP SIX: Housing Strategies**

The final step in writing a Housing Plan is to put in order of priority the housing goals and objectives of the community. Strategies for action are then developed to achieve these goals/objectives.

In effect, strategies are developed to resolve housing needs and achieve community housing goals.

**EX.**

Goal: Construct 10 single family homes.

Strategy:

- \* identify and catalog appropriate sites;
- \* identify legal restrictions i.e. zoning, annexation;
- \* identify necessary players i.e engineer, architect, developer;
- \* estimate project costs;
- \* identify funding options;
- \* establish time frames.